

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

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Bill Number: AB 1151

Related Bills: See Prior Analysis

Telephone: 845-6458

Amended Date: 05-16-2001

Attorney: Patrick Kusiak

Sponsor: _____

SUBJECT: Education IRAs/Increases Contributions Allowed & Distribution May Be Used For Elementary & Secondary Education

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 23, 2001 STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY

This bill would do the following:

- Increase the amounts that can be contributed to an Education Individual Retirement Account (IRA) over the next five years.
- Allow taxpayers to contribute to an Education IRA for elementary and secondary education costs.

SUMMARY OF AMENDMENT

The May 16, 2001, amendment added language specifying that the modifications made by this bill would not become operative unless the federal Education IRA is amended on or before January 1, 2003, to make the same changes.

The current federal tax plan includes modifications to the federal Education IRA. Some of these modifications include an increase of the contribution amount from \$500 to \$2000 and qualified education expenses will include elementary and secondary education costs.

The May 16th amendment resolved the implementation and policy concerns identified in the department's analysis of the bill as introduced February 23, 2001. However, it should be noted that the federal law proposal is significantly different than this bill. Unless this bill is amended to match the federal proposal as enacted, this bill would not take effect.

Board Position:

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|-----------------------------|------------------------------|---|
| <input type="checkbox"/> S | <input type="checkbox"/> NA | <input type="checkbox"/> NP |
| <input type="checkbox"/> SA | <input type="checkbox"/> O | <input type="checkbox"/> NAR |
| <input type="checkbox"/> N | <input type="checkbox"/> OUA | <input checked="" type="checkbox"/> PENDING |

Legislative Director

Date

Brian Putler

06/11/01

The remainder of the department's analysis of the bill as introduced on February 23, 2001, still applies.

POSITION

Pending.

LEGISLATIVE STAFF CONTACT

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